

Local Tax & Budgeting Administration

Mission

To oversee and administer Indiana's property tax control laws, including provisions that regulate local government spending and decision-making.

Summary of Activities

The **Department of Local Government Finance** (DLGF) is responsible for the review of budgets, excessive levies, and bond issues secured by local property taxes. The DLGF's Budget Division has the primary responsibility for monitoring local government spending. The DLGF advises local units during the budget planning stages. It also oversees and ultimately certifies all units' budgets, rates, and levies in the state. In a typical year, the Budget Division reviews approximately 2,300 budgets. The statutory deadline for approval of budgets is February 15.

In addition, the DLGF, with the advice and recommendation of the Local Government Tax Control Board and the School Property Tax Control Board, reviews new capital requests and financing methods for proposed projects ranging from new school construction to fire truck purchases. In a typical year, the DLGF reviews approximately 200 bond issues, 200 appeals for levy limitations, and 1,900 requests for additional appropriations affecting 4,000 different levy funds.

In order to administer the budgeting system, the DLGF maintains LOGODABA (the Local Government Database) that serves both as a tool for the agency during the local budget certification process and as a warehouse for local government property tax information. Other state agencies, academics, and the general public regularly use this information.

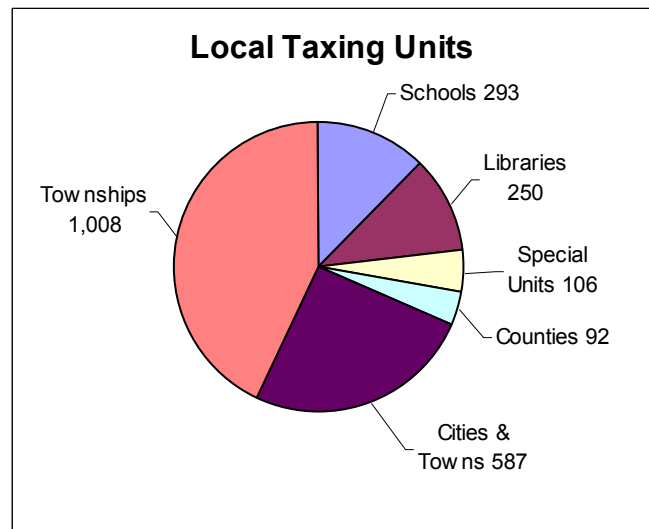
The budget division also reviews and approves personal property tax abatement requests filed throughout the state.

The division offers new official training in the spring and holds individualized sessions with each taxing unit during the summer. Additionally, staff members regularly speak to various associations on the local government budget process and are available to meet with locally elected officials and others to discuss questions pertaining to the budget process, review specific issues that arise, and answer general questions about the DLGF.

External Factors

The most significant external factors affecting local tax administration and budgeting are (1) completion of the 2002 reassessment; (2) balancing the need for independent local decision making with the need for coordinated and responsible oversight, and (3) tracking, advising, and keeping local units current on changing legislative requirements.

The most serious exterior impact on local budget making and the DLGF's budget division is the implementation of the court-ordered reassessment. The budget process begins with certification of assessed values (AVs). Many counties have had software problems and associated delays in completing the 2002 reassessment, and, thus, delay in determination of AVs. Many counties will not complete the current year's budget process before the next year's budget cycle begins. These deviations from the standard budget cycle pose significant administrative challenges.





DLGF’s review of local finances requires the agency to act as both adviser to local government and an enforcer of statutory protections for taxpayers. Maintaining a balance between adviser and enforcer is a challenge. Legislative and rule changes to the budget process occur annually. These changes drive the need for continuing training, both for the DLGF and local officials, to ensure compliance with statutory requirements. Changes also require upgrades and other modifications to budget programs and tools used to support the process.

Evaluation and Accomplishments

The DLGF continues to participate in many local government conferences to educate cities, towns, counties, and schools on the budgeting process and holds annual budget workshops and conduct one-on-one training for all taxing units. By statute, the DLGF is to issue budget orders by February 15. The DLGF has been proactive in identifying needed legislative changes. In these challenging years, the budget division has made several changes in its former practices in order to accommodate the changes in assessment methodology and implement the reassessment. These and other changes have required extensive modification to the software applications that support the budget process.

Plans for the Biennium

The DLGF's objectives for local tax administration in the next biennium are to continue to improve training opportunities for local officials and continue to improve the use of technology. By concentrating on training, the DLGF hopes to decrease the number of errors and omissions that sometimes occur in the budgeting process and to help local officials do their jobs more effectively. The DLGF's field budget program is revised annually with the ultimate goal of making it available to local officials for use during the budget process. The program ensures that calculations are made correctly and expedites data collection, transfer, and review.

